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Canada Student Loans Program (CSLP): Budget 2008 Implementation Review Evaluation

Final Report
June 13, 2014

Strategic Policy and Research Branch

Canada

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Evaluation Directorate

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Employment and Social Development Canada

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List of Abbreviations

CESP	Canada Education Savings Program
CMSF	Canada Millennium Scholarship Foundation
COE	Confirmation of Enrolment
CSG	Canada Student Grant
CSGP	Canada Student Grants Program
CSLA	Canada Student Loans Act
CSLP	Canada Student Loans Program
CSFAA	Canada Student Financial Assistance Act
DRR	Debt Reduction in Repayment
ECE	Electronic Confirmation of Enrolment
ERAP	Electronic Repayment Assistance Plan
ESDC	Employment and Social Development Canada
HRSDC	Human Resources and Skills Development Canada
IR	Interest Relief
LAD	Longitudinal Administrative Databank
MSFAA	Master Student Financial Assistance Agreement
NSLSC	National Student Loans Service Centre
OSFI	Office of the Superintendent of Financial Institutions
PSE	Post-Secondary Education
RAP	Repayment Assistance Plan
RAP-PD	Repayment Assistance Plan or Borrowers with a Permanent Disability
SDV	Service Delivery Vision
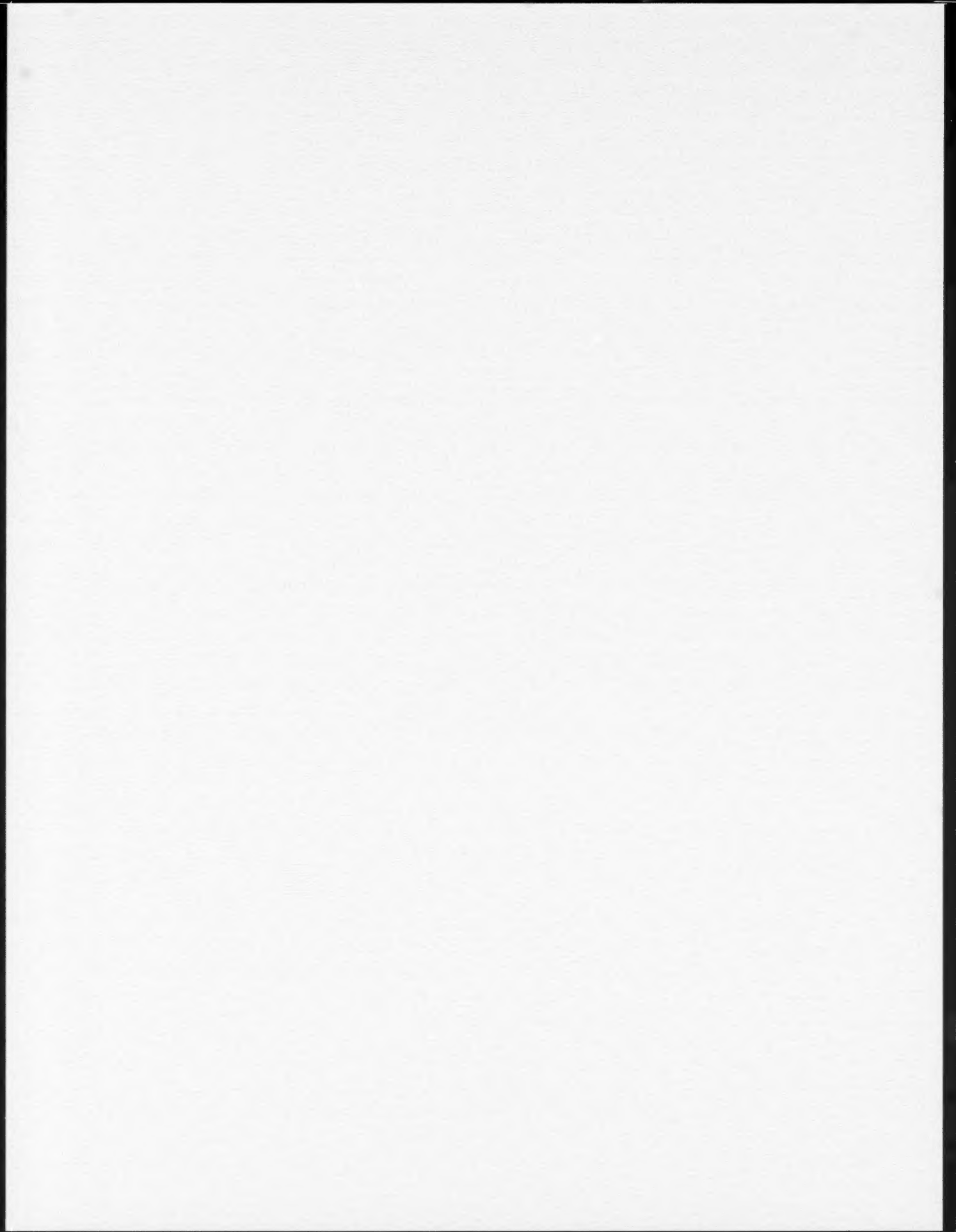
Executive Summary

A summative evaluation of the Budget 2008 Canada Student Loans Program (CSLP) enhancements has been underway since 2010 and is scheduled for completion by March 2016. While the evaluation continues to collect evidence for the final summative report, a topical evaluation report on the implementation status of the various measures has been developed using evidence gathered from two reports based on key informant interviews during the first three years of the summative evaluation. This report summarizes the evidence collected from these two reports.

Main Findings

- The implementation plan followed Budget 2008 precisely in that detailed budget requests lined up with Budget 2008 estimates.

- A new, completely internal delivery system of federal grants has been implemented under one program that will provide support to more students for more years of study.

- A more nuanced system for loan repayment assistance has been implemented.

- Some other major changes related to the service delivery vision and loan access for married and part-time students have also mostly been implemented.

- Changes involving cooperation with other organizations and other levels of government have experienced some difficulties.
  - However, although not all of the improvements have been implemented in a timely fashion, only a minimal number of students were impacted.

Based on evaluation findings, the Evaluation Directorate is making three recommendations that are included in the Conclusions section of this report.

Management Response

Introduction

The Government of Canada is committed to ensuring that Canadians are able to access post-secondary education (PSE). Through the Canada Student Loans Program (CSLP), it provides government funded loans and grants to eligible Canadians pursuing a post-secondary degree, diploma or certificate program at a designated educational institution.

The Government of Canada works in partnership with ten participating provincial and territorial governments[1] and a third party service provider to deliver student financial assistance across the country. Within this extensive and complex operating environment, the Government and its partners have developed a successful relationship underpinned by a joint commitment to providing student financial assistance.

In recent years, the Government of Canada has taken action to increase the financial resources available to Canadian students and their families by announcing a series of wide-ranging program changes which were announced in Budget 2008. Despite initial logistical issues stemming from a national-scale rollout and the need to provide continued financial support to students following the sun-setting of the Canada Millennium Scholarship Foundation, three new measures were available to Canadians by August 1, 2009:

- The Canada Student Grants Program (CSGP) that provides low- and middle-income students with consistent and up-front funding to help pay for PSE;

- The Repayment Assistance Plan (RAP) that assists borrowers who are having difficulty repaying their loans by making it easier to manage their debt by paying back what they can reasonably afford. RAP replaced the Interest Relief and Debt Reduction in Repayment programs, and under this new plan, thousands of additional borrowers will qualify for assistance each year; and

- The Repayment Assistance Plan for Borrowers with a Permanent Disability (RAP-PD) that assists borrowers who are having difficulty repaying their loans by making it easier to manage their debt by paying back what they can reasonably afford.

In addition to these initiatives, the Government of Canada has also introduced changes to increase support to full-time students in certain circumstances. In the past, full-time students received interest subsidies provided that they remained in school and were eligible to defer payments on their loans until six months after they completed their studies. However, in cases where students exceeded the maximum allowable number of weeks of student financial assistance, the student would be required to begin making payments on their student loans before they finished their studies. As part of Budget 2008, full-

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[1] Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

time student borrowers that reach their the maximum weeks of assistance are now able to continue their studies without having to begin repaying their loans until six months after they finish school.

With respect to part-time students, Budget 2008 included significant enhancements by more than doubling the maximum lifetime loan amount and improving the terms of repayment of student loans. Like full-time students, part-time students are now able to defer payment on their loan principal and accumulated interest until six months after their studies are complete. (Prior to this change, part-time students were responsible for making interest payments on their loans while in study.)

Moving forward, the next milestone for the Government of Canada with respect to student financial assistance will be the negotiation of a new service provider contract to provide financial and related administrative services for the CSLP, as the current one is set to expire in March 2018. As part of its strategy, the Government has engaged stakeholders early in the re-procurement process in order to solicit feedback on the CSLP business requirements, possible service delivery models as well as the related procurement strategy. Part of the Government's strategy includes engaging in a multi-phased consultative process by participating in a number of steering and advisory committees with its delivery partners to ensure that a new contract is in place on time and reflects the business needs of the CSLP.

As part of Budget 2014, the Government of Canada will offer interest-free loans to help registered apprentices with the cost of their training. This support to individuals pursuing careers in the trades will provide assistance with the cost of training and help to compensate for lost wages during periods of block training. Together with other federal supports for apprentices, such as the Apprenticeship Incentive Grant, the Apprenticeship Completion Grant, the Tradesperson's Tool Deduction, and Employment Insurance, the Government of Canada will assist more apprentices in completing their training and encourage more Canadians to consider a career in the skilled trades.

Recommendations:

CSLP agrees with the main findings and is pleased to present the following management response to the specific recommendations in the report. The CSLP Directorate within the Learning Branch of ESDC has responsibility for the proposed actions.

Recommendation #1: Efforts should continue in making the RAP application, application process and Canlearn.ca website more user-friendly, as numerous issues were raised by the key informants.

We agree with this recommendation. CSLP recognizes the importance of making the RAP application process as user-friendly as possible. As such, the CSLP introduced the online RAP application in January 2013 to help streamline the RAP application process and to provide student loan borrowers with the ability to submit electronically all the necessary

documentation needed to process their application. Since the launch of the online RAP application more than 80% of RAP applications are now being received online. According to the 2013 Client Satisfaction Survey:

- Amongst those who had applied for RAP, 71% found the application process easy; and
- While only 38% of borrowers in-repayment could name the Repayment Assistance Plan without prompting, 52% of borrowers knew of RAP when prompted.

A new CanLearn look and layout was launched on July 26, 2013. The Learning Branch worked collaboratively with the **Public Affairs & Stakeholder Relations Branch** to significantly improve and simplify CanLearn.ca and make the content more accessible and user-friendly. Redundant, outdated, and trivial content was removed from the site (reducing the total web content by approximately 50%) to ensure CanLearn.ca provides timely, relevant and up-to-date web content that is user-centered and easy to navigate. A new information infrastructure was also developed to ensure CanLearn.ca meets all Government of Canada and ESDC web requirements and supports the Learning Branch's objective to increase awareness of its programs, policies and initiatives.

Recommendation #2: Consider further reducing the percentage of a spouse's/partner's disposable income available for a student's education, as there was widespread agreement that the reduction from 80% to 70% was insufficient.

CSLP recognizes the importance of including regular reviews of its policy on spousal contributions for a student's education and as such will continue to consult and work with stakeholders on improving the Program and recommending any necessary adjustments to spousal contributions in the need assessment process.

Recommendation #3: Involve provincial/territorial officials earlier on in the design and implementation stages of future programs, so that key technical details can be implemented in a more timely fashion in order to avoid delays.

CSLP's experience also re-enforces the importance of involving provincial/territorial partners as soon as possible in the design and implementation stages of its programs. CSLP currently has a number of forums for stakeholder input including the Intergovernmental Consultative Committee on Student Financial Assistance, joint bi-annual meetings with integrated provinces, monthly bi-lateral calls with integrated provinces, annual bi-lateral Joint Management Committee meetings with integrated provinces, and monthly operational calls held jointly with all provinces. CSLP will be working to better leverage these fora, engaging provincial partners as early as possible when implementing new programs.

Conclusion

ESDC is committed to ensuring that the CSLP is fully responsive to the needs of Canada's post-secondary students, and will continue to explore ways to improve and enhance the design and delivery of the Program in collaboration with partners and stakeholders. The findings and recommendations of this evaluation will inform and support that work and contribute to a more effective and efficient Program for the future.

1. Introduction

Budget 2008 included a number of enhancements to the Canada Student Loans Program (CSLP) and a new consolidated Canada Student Grants Program (CSGP). Among the CSLP enhancements were new measures to enhance student loan access for married/common-law and part-time students; improving the responsiveness of student loan repayment via the new Repayment Assistance Plan (RAP); and modernizing service delivery through improved online services, simplified application and repayment processes, and improved communications with students.

Although the intention was to have the majority of these CSLP enhancements and the CSGP implemented shortly on or after August 1, 2009, there were initial delays in implementing some aspects of the service delivery vision (see Section 4.1).

This topical evaluation report discusses the various new measures and assesses their implementation status, the reasons underlying any delays and corrective actions that were taken.

1.1 Methodology and Limitations

An evaluation framework for the *Summative Evaluation of the Budget 2008 CSLP Enhancements* has been developed and defines the scope of the overall evaluation of the new measures (this topical evaluation report focuses on their implementation). A methodology document was also developed and provided details of the evaluation questions and the lines of evidence used to address them. It should be noted that the structure of the evaluation questions was based on the April 2009 Treasury Board Secretariat Evaluation Policy.

Furthermore, an Evaluability Assessment report for the Summative Evaluation of the Budget 2008 CSLP Enhancements was also developed to ensure that the evaluation questions can be answered with the proposed methodology. The Evaluability Assessment determined that there were three key risks for the summative evaluation: (i) slow implementation of the CSLP enhancements that would prohibit a thorough evaluation of their impacts by the current evaluation delivery date of March 2016; (ii) gaining access to a linked Longitudinal Administrative Databank (LAD), Canada Education Savings Program (CESP) and CSLP file from Statistics Canada in a timely manner; and (iii) having an appropriate methodology in place for measuring the impact of the CSGP on post-secondary education (PSE) access and persistence that is suitable for the available data.

This topical evaluation report essentially addresses the first risk noted above (i.e. determining the implementation status of the different new measures). The evidence is based on two sets of key informant interviews that were conducted with program officials, their provincial counterparts and leading academics with CSLP-related expertise. The report does not assess the value of any of these changes – it only assesses whether the changes actually happened.

The first set of interviews took place in early 2011 with 15 federal officials, 16 provincial officials and 14 academics. The purpose of these interviews was to gather information on the relevance of the new measures, their perceived effectiveness and program delivery issues including implementation status (the *Summative Evaluation of the Budget 2008 CSLP Enhancements* was pushed back to March 2016 due to the findings from this first wave of interviews – i.e. due to the non-implementation status of some of the new measures).

The second set of interviews was conducted during the fall of 2012 with 20 provincial representatives and 12 federal officials.[2] They were initiated because the first set of interviews revealed that many of the new measures had not yet been implemented and, therefore, a status update was needed. The purpose of these interviews was to gain an understanding of the extent to which the different measures have been implemented, reasons for delays in implementation, and actions that have been taken.

One potential limitation of the findings presented herein is that some officials who were interviewed during the first set of key informant interviews were no longer in their respective positions during the second phase of interviews. Therefore, in some instances a replacement official had to be contacted, while in other instances there was no replacement official available.

1.2 Organization of Document and Evaluation Questions

This topical evaluation attempts to provide evidence on the evaluation questions related to the implementation of the new measures using the two sets of key informant interviews that were completed in 2010-11 and 2012-13.

Following Section 2 (which provides background information on the CSLP and the new measures), Section 3 of this topical evaluation report attempts to answer the evaluation questions listed below using qualitative evidence (note that the *Summative Evaluation of the Budget 2008 CSLP Enhancements* will provide more detailed quantitative evidence to address some of these questions). These questions are addressed in this report because they detail exactly what the new measures entailed.

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[2] There were 20 interviews completed in total (10 federal and 10 provincial). In several cases, officials from both the federal and provincial/territorial governments asked their colleagues to participate in the interview to provide a more comprehensive response to our questions. This explains why there were only 20 interviews but 32 people interviewed and also helps explain the federal/provincial interview ratio.

1. To what extent has the RAP made it easier for students to manage their loan debt?

2. To what extent have the CSLP enhancements streamlined and modernized the CSLP?

   2.a To what extent have online services been improved?

   2.b To what extent have the application and repayment processes been simplified?

   2.c To what extent have communications with students improved?

3. To what extent have the CSLP enhancements allowed for the flexibility to correct for administrative errors, accept documents beyond prescribed deadlines and allowed repayment to be deferred for eligible students?

4. To what extent has there been an improvement in loan access for married students or students in common-law relationships?

5. To what extent has there been an improvement in loan access for part-time students?

6. To what extent has the CanLearn.ca website increased the awareness of the RAP?

Following Section 3, Section 4 of this report provides detailed information on program delivery questions that are the focus of this evaluation, namely the implementation status of the new measures.

7. To what extent have there been implementation issues in delivering of any of the measures?

   7.a What has caused any implementation issues?

   7.b To what extent have corrective actions been taken and how successful have they been?

8. How quickly are students informed about their grant eligibility?

   8.a Is the eligibility criteria clearly understood by students?

9. To what extent has the transition from the Canada Millennium Scholarship Foundation (CMSF) to the CSGP been a smooth one in terms of students who were transferred from one regime to another?

   9.a What problems, if any, have been encountered?

10. To what extent are eligible students aware of the different measures?

   10.a What steps are being taken to ensure that prospective, eligible students are aware of the different measures?
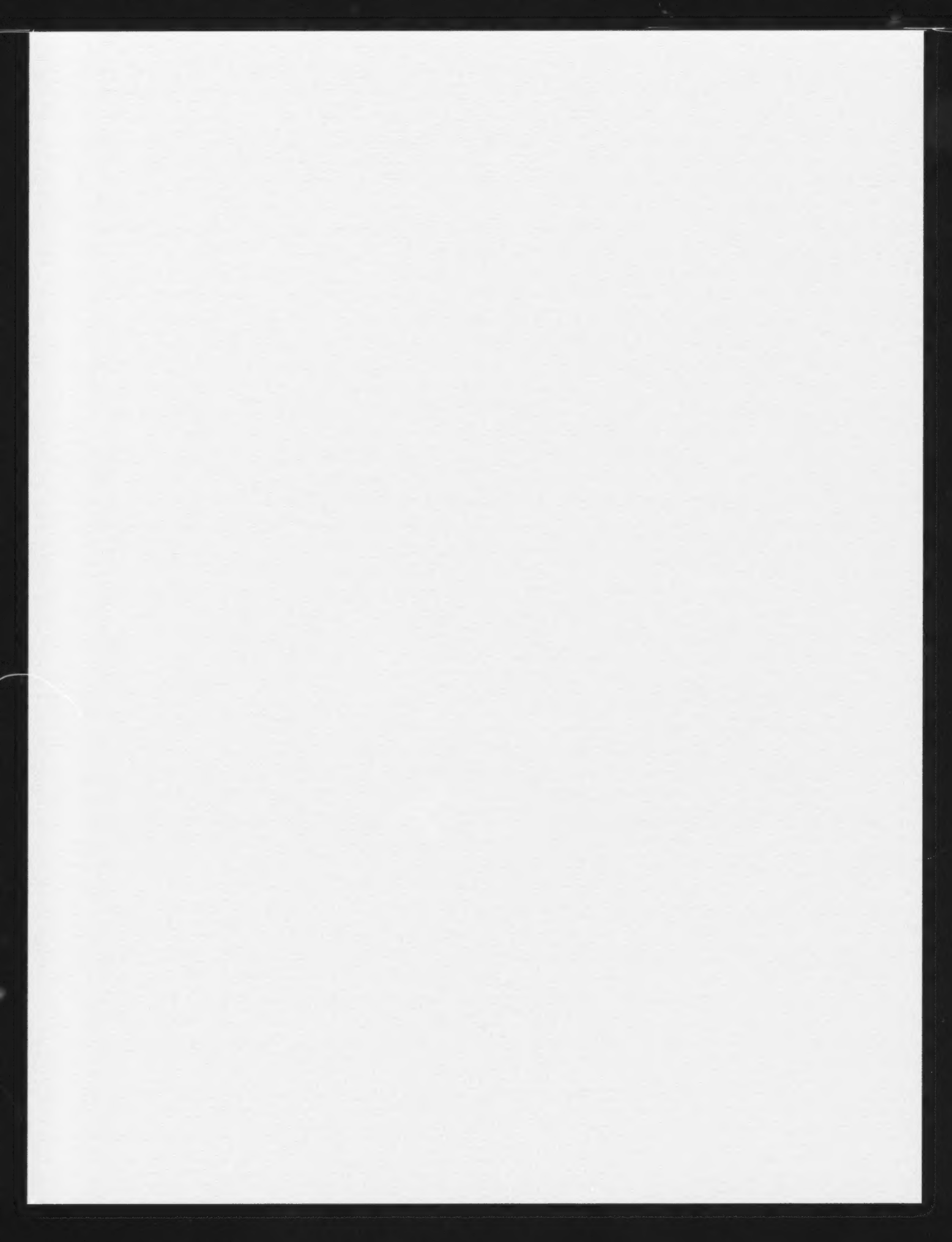
2. Background

This section examines the rationale of the CSLP and provides a brief history of the program and major program changes over the years. This section also highlights the CSLP enhancements announced in Budget 2008.

2.1 Rationale for the Budget 2008 Changes[3]

The overall rationale for the changes introduced in 2008 stems from Advantage Canada,[4] where the government committed to making federal student financial assistance more effective. As noted on page 113 in Budget 2008, *"The combination of the new Canada Student Grant Program and measures to streamline and modernize the Canada Student Loans program will contribute to Canada's Knowledge Advantage by helping to develop a highly-educated workforce well-equipped to take on the challenges of a fast-paced global economy."*

2.2 CSLP History

The history of the CSLP can be divided into three loan regime periods – the guaranteed, risk-shared and direct loan regimes.

The initial period of the CSLP is referred to as the *guaranteed loan regime*. The CSLP was created under the *Canada Student Loans Act* (CSLA) to promote access to post-secondary education (PSE). Under the CSLA, the CSLP provided 100% government-guaranteed loans through banks and credit unions to students with demonstrated financial need. The participating provincial and territorial governments[5] assumed the general administration of the program.

The period between 1995 and 2000 is referred to as the *risk-shared loan regime*. In 1994, the *Canada Student Financial Assistance Act* (CSFAA) was introduced. It replaced the guaranteed loan regime with a risk-shared loan system starting in 1995–96. Under the risk-shared system, participating financial institutions were paid a risk premium for loans going into repayment each year. The CSFAA also established Canada Study Grants, which provided non-repayable financial assistance to PSE students including permanently disabled students, students with dependants, and women enrolled in doctoral programs.

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[3] For information on the rationale of the CSLP in general, see HRSDC (2011), "Summative Evaluation of the Canada Student Loans Program".

[4] Advantage Canada is an economic action plan introduced in 2006 that was intended to make Canada a world leader for today and future generations, with the goal of building a strong Canadian economy and making the quality of life second to none through competitive economic advantages.

[5] Participating jurisdictions included all provinces except Quebec, the Northwest Territories and Nunavut.

The current period of the CSLP is referred to as the *direct loan regime*. When the majority of financial institutions opted out of participating in a proposed new agreement for the delivery of the CSLP, the Government of Canada announced on August 1, 2000 that it would assume the full responsibility for financing and administering the program. The responsibility was transferred to the Government of Canada through a corresponding amendment to the *CSFAA*. Since then, student loans have been provided directly by the federal government with a 60/40 federal/provincial cost-sharing arrangement with participating provinces.[6] It should be noted that ESDC is still managing borrower files from previous regimes and will do so until 2028.[7]

Under the current legislation, the CSLP provides financial assistance in the form of direct loans to students with demonstrated financial need. These loans are available to students enrolled in full-time or part-time studies at a designated PSE institution.[8] In order to receive financial assistance in the form of a Canada Student Loan, students must satisfy initial eligibility criteria.[9] Upon establishing eligibility, a needs assessment is conducted to determine the amount of each student's financial need for full- and part-time studies. The needs assessment process is designed to take into account provincial differences and the additional needs of certain groups (e.g. students with dependents, students living away from home, students who relocated to pursue PSE).

Provincial and territorial government partners determine both eligibility and level of need using federal criteria. From 1995 to 2004, the maximum weekly federal loan limit that could be received by a student was $165. The federal loan limit was increased to $210 per week at the start of the 2005–06 loan year.

While a student borrower is pursuing full-time studies, the federal government (through the CSLP) subsidizes the interest that would otherwise accumulate on the loan principal. The borrower is required to begin repayment of the loan on the first day of the seventh month after PSE studies have ended. However, the interest subsidy does not apply to the six month post-study period. Students studying part-time might be eligible for the part-time student loans program.[10]

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[6] All jurisdictions are participating in the cost-sharing arrangement, except Quebec, the Northwest Territories and Nunavut.

[7] For further information, see the 2009 CSLP Actuarial Report, Office of the Superintendent of Financial Institutions (OSFI).

[8] CSLP and the participating provinces define (using common criteria) a list of private and public institutions that are entitled to have their students receive federal and provincial student financial assistance.

[9] For detailed information on initial eligibility criteria, see http://www.canlearn.ca/eng/loans_grants/loans/qualify.shtml.

[10] For detailed information on maintaining a student loan while in school, see http://www.canlearn.ca/eng/loans_grants/loans/maintain.shtml.

2.3 Major Program Changes in Budget 2008

2.3.1 Budget 2008 CSLP Enhancements

Budget 2008 committed $123 million over four years (starting in 2009) to streamline and modernize the CSLP. The announced measures included improving services for students through a new service delivery vision (SDV), more equitable support for part-time and married students, a new in-study interest-free period for reservists serving in designated operations, and enhanced flexibility for those experiencing difficulty in debt repayment that is more reflective of the study-to-work transition of young graduates and the needs of borrowers with permanent disabilities. These measures were provided in order to streamline the administration of the CSLP and address some of the barriers that affect a student's decision to pursue PSE.

The new investments included the following:

- $23 million over four years for a new SDV to expand online services and enable students to manage their loans online from the point of applying through to repayment.

- $26 million over four years to narrow the gap between contributions from spouses and parents of students by reducing the expected spousal contributions, and to make federal student loans more attractive to part-time students.

- $74 million over four years to make the CSLP more responsive to the economic circumstances of borrowers, including those with permanent disabilities, by providing greater assistance for those experiencing difficulty in repaying their loans. Under the new Repayment Assistance Plan (RAP), the CSLP supported over 160,000 borrowers who experienced difficulty repaying their loans in 2009–2010.[11]

2.3.2 Budget 2008 Introduction of the Canada Student Grants Program

In addition to the investments above, the CSGP was also announced in Budget 2008 and replaced Canada Study Grants, Canada Access Grants and grants previously offered by the Canada Millennium Scholarship Foundation.[12] With the implementation of the CSGP, approximately 290,000 students received grants in 2009-2010.[13] The CSGP includes grants for low- and middle-income students, full- and part-time students, students with disabilities

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[11] The RAP supported approximately 165,000 borrowers in 2010-2011 and 185,000 in 2011-2012. See the Canada Student Loans Program Annual Report for more details
(http://www.esdc.gc.ca/eng/jobs/student/reports/index.shtml).

[12] The planned implementation date was August 2009.

[13] There were over 320,000 grant recipients in 2010-2011 and 336,000 in 2011-2012. See the Canada Student Loans Program Annual Report for more details
(http://www.esdc.gc.ca/eng/jobs/student/reports/index.shtml).

and students with dependants. The CSGP is aimed at increasing PSE participation and completion rates – particularly of under-represented groups – so that much needed talent and energy can be engaged in Canada's future.

The CSGP was designed so that students know up front how much money they will receive and when – a significant departure from the previous, less predictable granting system. The eligibility criteria for the new grants better reflects the particular financial circumstances facing the borrower (i.e. family income, months of study, number of dependants under the age of 12, etc.). Students' eligibility for a Canada Student Grant is assessed at the time the student applies for student financial assistance using the same application. To be eligible for a grant, a student must have at least $1 of assessed need.

Students from low and middle-income families qualify based on a set of defined income levels (the low- and middle-income thresholds are adjusted to reflect the cost of living in each province and for different family sizes). The new program provides $250 each month in grants for students from low-income families and $100 a month for students from middle-income families. The program also provides full-time low-income students with dependants an additional grant that provides more up-front money ($200 per month for each dependant under 12).

Canada Student Grants are also available for students with permanent disabilities. Students with a permanent disability can receive a grant of $2,000 for the school year and those who require special services and/or equipment can receive up to $8,000 in additional funding. Students who wish to apply for the Grant for Students with Permanent Disabilities or the Grant for Services and Equipment for Students with Permanent Disabilities need to provide additional documentation when they apply for a Canada Student Loan in order to be assessed for these grants.

The grants are available to students from most provinces and territories except the Northwest Territories, Nunavut and Quebec, which operate their own student financial assistance programs.

More detailed information on the new grants is provided below. Some of the new grants replaced grants an individual may have received in previous years. If an individual is eligible for more than one grant, he/she can receive more than one grant at the same time.

Grants for Full-Time Students

- Canada Student Grant (CSG) for Students from Low-Income Families[14]: a student enrolled in a full-time program of at least two years duration (60 weeks) leading to an undergraduate degree, diploma or certificate at a designated PSE institution can receive $250 per month of study (half at the start of the year and half midway through).

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[14] Eligible income thresholds for low- and middle-income families vary by province and family size. For more information, see http://www.canlearn.ca/eng/loans_grants/grants/low.shtml.

- CSG for Students from Middle-Income Families: a student enrolied in a full-time program of at least two years duration (60 weeks) leading to an undergraduate degree, diploma or certificate at a designated PSE institution can receive $100 per month of study.

- CSG for Students with Dependents: if an individual is a low-income student, qualifies for a federal student loan, and has children under the age of 12 as of the start of the study period, he or she can receive $200 per month for each child (in addition to the CSG for Students from Low-Income Families).

- CSG for Students with Permanent Disabilities[15]: if an individual has a permanent disability and qualifies for a federal student loan, he or she can receive $2,000 per academic year to help cover the costs of accommodation, tuition and books.

- CSG for Services and Equipment for Students with Permanent Disabilities: if an individual has a permanent disability which requires exceptional education-related costs for things such as tutors, note-takers, interpreters, braille assistance or technical aids, he or she may receive up to $8,000 per academic year to help pay for these expenses.

Grants for Part-Time Students

In addition to the following two grants, the lifetime maximum amount of outstanding part-time Canada Student Loans was raised from $4,000 to $10,000 through Budget 2008 in recognition of the increased costs of living and increased tuition fees. Moreover, the requirement to provide justification for studying part-time was removed and payments were no longer necessary during part-time studies (but interest does accumulate).

- CSG for Part-time Students with Dependants: if an individual is a part-time student with up to two children under the age of 12 as of the start of the study period, he or she may be eligible for $40 per week of study ($60 per week for those with three or more children under the age of 12).

- CSG for Part-time Studies: if an individual is a part-time student, qualifies for a part-time Canada Student Loan and is from a low-income family, he or she may be eligible for up to $1,200 per academic year.

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[15] This grant is available for both full- and part-time students with disabilities.

3. Achievement of Broad Objectives

As noted in Section 2.3.2, the objectives of the CSLP enhancements were to streamline the administration of the CSLP and address some of the barriers that affect a student's decision to pursue PSE. For the CSGP, Section 2.3.3 noted that the primary objectives were to increase PSE participation and completion rates. The CSGP was also designed to be easy to apply for and more predictable, so that students know up front how much money they will receive and when.

This evaluation will focus on how the different measures have impacted the administration of the program and how timely the measures were implemented. Therefore, it will not address the primary objectives of the CSGP (i.e. increasing PSE access and persistence), as they are beyond the scope of the evaluation. This evaluation will also not address the quantitative impacts of increasing loan access for married/common-law and part-time students. Future evaluative work will address these issues.[16]

To assess whether the objectives relevant to this evaluation have been achieved, this section examines:

- The extent to which the RAP has made it easier to manage loan debt;
- The extent to which the CSLP enhancements have streamlined and modernized the CSLP and allowed for the flexibility to correct for administrative errors, accept documents beyond prescribed deadlines and allow repayments to be deferred for eligible students;
- The measures that were introduced to improve loan access for married/common-law and part-time students; and
- The extent to which the CanLearn.ca website has increased RAP awareness.

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[16] These issues will be addressed in the *Summative Evaluation of the Budget 2008 CSLP Enhancements*, scheduled to be completed by March 31, 2016.

3.1 Repayment Assistance Plan (RAP)

The Repayment Assistance Plan (RAP) was implemented on August 1, 2009 and replaced the Interest Relief (IR) and Debt Reduction in Repayment (DRR) programs. The RAP is a progressive program that has made it easier for students to manage their student loan debt by:

- Implementing affordable monthly payments;

- Allowing borrowers to make lower payments rather than cutting them off entirely. A borrower is never required to use more than 20% of their gross income for student loan debt repayment. If 20% of their income does not cover the payments needed to retire their loans within 15 years, then the government covers the rest; and

- Taking other variables into consideration when calculating a borrower's financial situation (e.g. family size, government student loan balance and family income).

The most important of these is the implementation of affordable monthly payments. Under IR, if a borrower's income was below a certain amount they were eligible for IR (i.e. no principal payments required on their loan and interest payments made on their behalf by the government). Individuals could re-apply for IR on an ongoing basis for up to 54 months and, if after that time they were still having difficulty repaying their loan, they could make loan payments over the following 12 months and then apply for DRR (where a portion of their loan could be forgiven for up to $26,000 over a period of 15 years). The problem with IR and DRR was that if a borrower made even $1 over the income threshold at the time, they would not qualify and would have to make the required monthly payments in full.

With the RAP, the more money a borrower makes the more they will have to pay and vice versa (up to a maximum of 20% of their gross family income). With Stage 1 RAP, anyone whose income is below the threshold is not required to make payments and the government pays the interest on their loan. For Stage 2 RAP, the government covers both interest and principal payments. An additional benefit of the Affordable Payment is that it is applied to the principal first rather than interest and then principal.[17] Consequently, many recipients of the RAP who would not have qualified for IR and, thus, would have been required to make full payments (regardless of how little they made above the threshold), are now allowed to make affordable payments based on their level of income.[18]

The RAP-Permanent Disability (PD) was also introduced in Budget 2008 and is similar to the RAP, with the exception that the loan could potentially be paid down so the borrower has no student debt 10 years after they end their studies (instead of 15 under the RAP). Another key difference from the RAP is that the RAP-PD also considers permanent disability related expenses when assessing a person's financial situation. In addition, the

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[17] Eligibility for the RAP can be determined online at http://www.canlearn.ca/eng/loans_grants/repayment/help/repayment_assistance.shtml.

[18] Borrowers on the RAP who are unable to make payments on their loan for a period of five years are then transferred to the RAP stage two wherein their loan is forgiven (i.e. paid by the government, over a period of 10 more years or a total of 15 years).

application process has been made easier by not requiring students who have previously received a permanent disability related student grant to re-submit medical assessments when applying for the RAP-PD, as this assessment has already been completed.

According to the key informants, although the RAP is perceived as a positive change for students, there is still a lack of program uptake that may be due to low awareness and the complexity of the program application, in that the RAP application is not perceived to be user-friendly, requires salary information that students may not know at application time, and incomplete applications are cancelled after 45 days so the borrower has to start the process over again.

3.2 Streamlining and Modernizing CSLP

The Budget 2008 CSLP enhancements were initiated to modernize service delivery through improved online services, simplified application and repayment processes, and improved communications with students. The enhancements also allowed for the flexibility to correct for administrative errors, accept documents beyond prescribed deadlines and allow repayments to be deferred for eligible students. The extent to which each of these four aspects has improved the CSLP is discussed below.

Improved Online Services

Online services have been improved (or are planned to be improved) through:

- Enhancements made to the CanLearn.ca website and on-line estimator;
- A plain language simplification of most forms and scripts used by the service provider call centres to respond to inquiries;
- Ensuring consistency across provinces and territory (via the Master Student Financial Assistance Agreement (MSFAA), which is implemented in all jurisdictions that participate in the CSLP[19];
- The setting up of a new portal system whereby institutions can leverage technology to draw efficiencies from the previous confirmation of enrolment process through accessing a secure web portal in lieu of existing paper-based processes[20]; and

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[19] For further information, see http://www.canlearn.ca/eng/loans_grants/loans/agreement/index.shtml.

[20] ECE is an online system (portal) that students and PSE institutions can log into whenever a student requests financial assistance to confirm enrolment (instead of sending a hard copy), allowing for faster disbursement of funds. ECE is an improvement to online services because it does not require PSE institutions to develop an interface to connect with the ECE portal, as some provincial ECE systems do. Two models were developed: (i) a provincial/territorial model where a province/territory obtains confirmation of enrolment (COE) from educational institutions and communicates the results to the National Student Loans Service Centre (NSLSC); and (ii) a NSLSC portal model where a province/territory sends certificate information to the NSLSC, and the NSLSC then contacts the educational institution to obtain the COE using a secure web portal.

- A reduction in redundancies in the application and repayment process via the Electronic Repayment Assistance Plan (ERAP) and Electronic Confirmation of Enrolment (ECE) by offering new online measures for both students and program partners.

Simplified Application and Repayment Process

The grant and loan application process has been simplified by the creation of the MSFAA. Further enhancements include:

- More appropriate questions for applicants with permanent disabilities[21];
- Easier confirmation of PSE enrolment and reduced paperwork[22];
- No more requirements for students to justify part-time status;
- Being able to apply for RAP electronically from anywhere and at any time (the ERAP application also pre-populates most of a student's information, in turn reducing the amount of time required to complete an application), including the ability to attach/submit all required documents online; and
- Quicker turn-around time on account changes via the ERAP.

Improved Communications with Students

Communications have been improved with students through greater consultative activities, and especially through working with student associations. In general, communications have improved (or will be improved) by:

- Using (moving towards use of) plain language on all forms;
- Updating the CanLearn.ca website;
- Making public announcements about program changes;
- Having on-going meetings and/or information sessions with program stakeholders; and
- Having the service provider do a pre-consolidation blitz with students.

There were, however, some challenges in terms of differentiating new grants from old ones (i.e. which grants were new and which had simply been re-named). As a result, there was sometimes a reliance on PSE institutions to communicate changes to students.

Administrative Flexibility

The enhancements have allowed loan repayment to be deferred for eligible students. More specifically, the implementation of the RAP (and the possibility of having an affordable payment of $0) has made deferral of loan-repayment repayments possible. As well, the

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[21] Key informants did not elaborate on what the 'more appropriate' questions should have been.

[22] Once the MSFAA is signed, it stays valid for the entire time that a student is in school, eliminating the requirement to complete a new loan agreement every year.

Minister now has the legislative ability to correct administrative errors (at his/her discretion) so that a student would be in the same position as they would have been if the error had not been made. However, the ability to correct errors is limited to administrative errors (i.e. errors made by the department) – there is flexibility, but department officials do not have carte blanche to make changes to applications and the process is still rigorous and transparent.

A specific amendment to the CSFAA also gave authority to the Minister to receive documents beyond prescribed deadlines, but a student may still have to pay or be sssssssssssresponsible for consequences related to the submission of late documents. Further, new legislation provides repayment relief to reservists of armed forces on active duty outside Canada – they can request interest-free status on their student loans while away. There is also additional flexibility with the repayment system.

3.3 Improvements to Loan Access

For married students and those in a common-law relationship, historically it was expected that 80% of a spouse's/partner's disposable income while in study was available for a student's education. This threshold was reduced to 70% after Budget 2008.

Most provincial/territorial officials indicated that the decrease of 10% is insufficient. There was also concern that the assessment process overall does not reflect the diverse needs of these groups of students, which tend to include mature learners and/or parents.

For part-time students, the following improvements were made to loan access:

- An increase in total loan eligibility from $4,000 to $10,000;
- The ability to defer loan re-payments until PSE completion (as of January 1, 2012, interest no longer accrues on part-time loans while in study);
- Removal of the justification requirement for studying part-time;
- Changes to the information required for the application and needs assessment calculations; and
- Eligibility for the RAP.

3.4 CanLearn.ca and RAP Awareness

The CanLearn.ca website provides RAP information (including a repayment assistance estimator) and is a tool by which to share RAP information. About 46% of visitors to the "After Sections" part of the website each year visit the RAP section, equating to roughly 160,000 visits per year since 2010. However, challenges remain including poor branding, confusion regarding acronyms, and hard-to-use navigation tools. The actual extent to which the CanLearn.ca website has increased RAP awareness is inconclusive, as students can also receive information on the RAP via provincial websites.
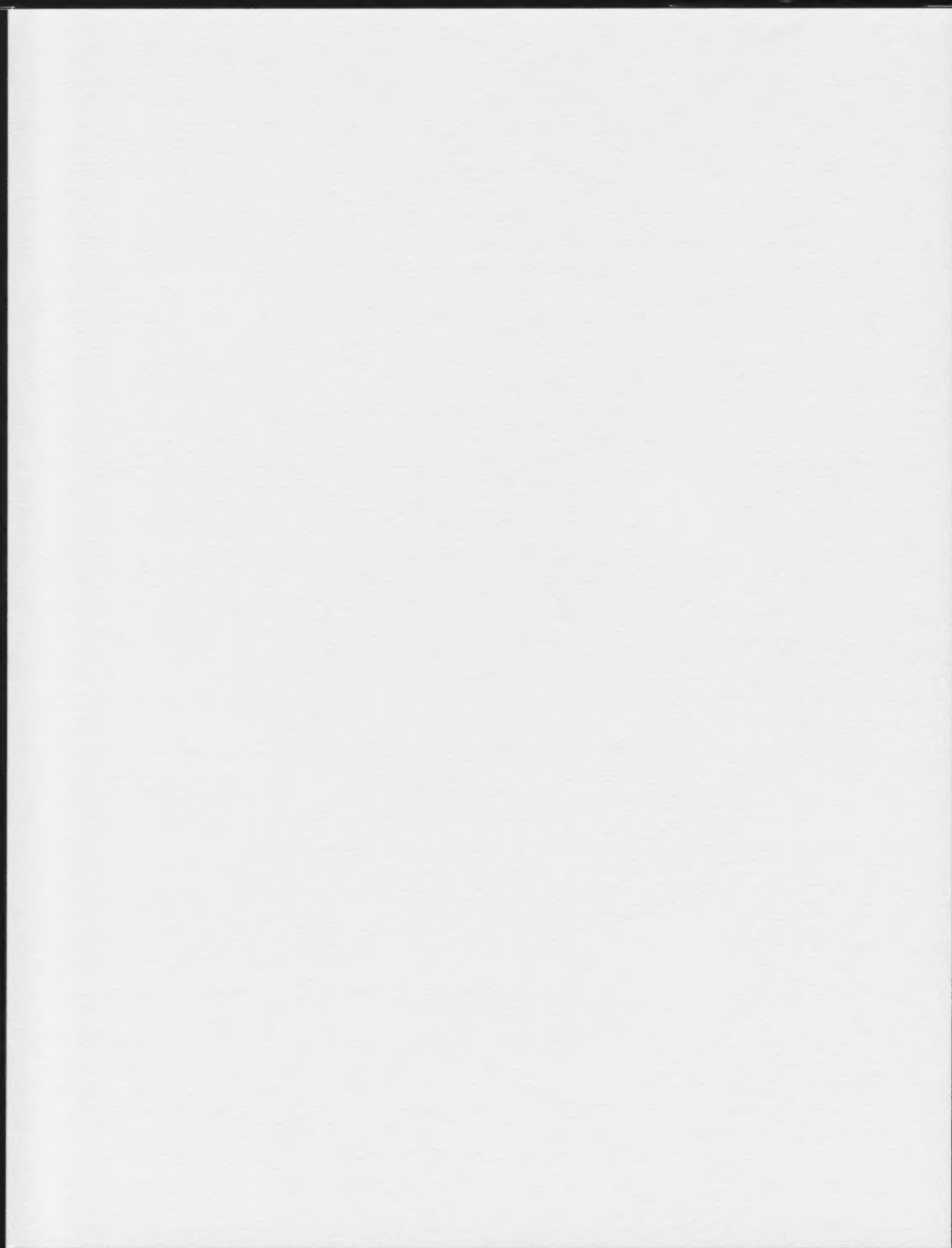
4. Implementation Challenges

This evaluation was focused on examining the implementation status of the different enhancements and the reasons underlying the various delays. The actual delivery of the program was not examined in detail. Accordingly, this section presents findings on:

- The extent to which there have been implementation issues in delivering the new measures, including the causes, corrective actions taken and success rates;

- How quickly students are informed of their grant eligibility and how they understand the eligibility requirements;

- How smooth the transition was from the CMSF to the CSGP; and

- The extent to which students are aware of the new measures.

4.1 Budget 2008 Implementation Issues

The implementation issues with the new enhancements impacted only a small number of students – the majority of the implementation issues were operational and impacted program staff. There were implementation issues related to the CSGP, all aspects of the SDV and the RAP.

Implementation Issues

For the CSGP, the following implementation issues were experienced:

- The conversion of grants to loans, as the process was unclear for some jurisdictions and/ or necessary system changes were not in place when required;

- There were problems with the transition grant and overpayments to students in four jurisdictions;

- There were problems with certificates issued by jurisdictions, the majority of which were fixed within 3-5 days;

- A small number of grants (about 1,000) had to be paid out manually, meaning some students did not receive their money as quickly as others; and,

- There was a lack of information and/or clarity regarding program requirements/changes and/or an inability to implement system changes (including reassessments).

As for implementation issues pertaining to the SDV, there were delays in implementing all three initiatives across the country (the National Student Loans Service Centre ECE was launched in July 2012; the ERAP was launched in January 2013; and the MSFAA was implemented in B.C. in 2011–12; in Saskatchewan, Newfoundland, Nova Scotia, Ontario, and Manitoba in 2012–13; and in the Yukon, Alberta, P.E.I., and New Brunswick in 2013–14). These dates were based on work plans that were bilaterally negotiated with each

participating jurisdiction. Issues that were encountered included (but were not limited to) resource constraints, system changes not being ready on time, and challenges with document intake/handling of the MSFAA from Canada Post at some designated outlets.

Finally, the RAP was implemented on August 1, 2009, although the entire system as it was planned has not yet been fully implemented (e.g. use of RAP formula for all adjudications, SDV implementation). There were also some implementation issues with RAP-PD (discussed below). However, these problems have now all been addressed.

Causes of Implementation Issues

Many CSGP implementation issues were IT-related, including insufficient time to complete systems changes, systems problems and general technical issues. There were also some minor policy issues related to the short time frame for implementation. As well, the rules and policy decisions pertaining to the implementation of the CSGP (for some students with special circumstances) were unclear. These unclear requirements resulted in issues concerning grant restrictions, converting grants to loans, grants for permanently disabled students and/or the reassessment of files. Further, due to time pressures for implementation, there was limited collaboration between federal and provincial officials in the design and implementation of the new program.

Other implementation issues for the enhancements included:

- The large number of partners involved in implementing the CSGP (federal government plus nine provinces and one territory);
- Delaying aspects of the SDV to concentrate efforts on implementing the CSGP and RAP, as they have a greater impact on program outcomes for students;
- Requiring a lot of time to build the different SDV initiatives, as they were being jointly developed;
- Ongoing RAP issue regarding the use of the IR table, in that about 9-11% of borrowers are incorrectly adjudicated (i.e. the government is not receiving payments it should be receiving, amounting to an estimated $196,000).
- Co-ordination with the National Student Loans Service Centre and participating jurisdictions noted as one of the difficulties in implementing the RAP;
- One federal government unit responsible for RAP-PD experienced some efficiency challenges, partly due to being under-staffed for the volume received which resulted in a backlog, which was left unaddressed.

Corrective Actions Taken

In general, as individual concerns arose they were analyzed and addressed. In order to address IT-related issues, manual processes were established and will remain in place until long-term solutions can be developed in coordination with service providers.

Corrective actions taken specifically for the CSGP implementation issues included extensive negotiations and coordination among partners (a kickoff meeting in Ottawa was deemed successful, but on-going communication and clarity on specifics has been less successful). However, coordination among partners is still in the process of being improved. There was also a lack of detailed consultation with the provinces/territory prior to Budget 2008. As a result, it was recommended that future consultations should be completed prior to any implementation of new measures and they should be detailed.

For the SDV, as of December 2013 some issues are still being dealt with as the implementation process continues. With respect to the Canada Post issue, it was dealt with immediately by speaking with Canada Post and the federal government.

Finally, interim solutions had to be implemented for the RAP. As of August 1, 2009, only two provinces had implemented the RAP. As a responsive measure, the federal government decided to keep IR in place while the provinces/territory continued with their efforts to implement the RAP. The RAP-PD backlog was addressed and there is now a system in place, mitigating against future backlogs.

4.2 Understanding of Grant Eligibility

Eligibility for the five full-time CSGP grants and the two part-time grants are described in Section 2.3.3. Students can get an estimate of their potential grant and loan entitlements by using the estimator tool found on the CanLearn.ca website.

The provinces/territory conducts the needs assessment for both the federal and provincial governments to determine loan/grant eligibility. The time it takes is impacted by the availability of provincial resources, the accuracy of the application, and the time of year of applying (the application process takes longer when applying in September). As a result, some provinces open the process earlier in the year. In certain provinces, students can submit their applications online and receive an immediate preliminary assessment of the potential amount of their loans and/or grants (official confirmation follows a few weeks later by mail).

Two other key factors that determine how quickly students find out about their grant eligibility are whether the application is complete and whether it is completed online.[23] Depending on these two factors, students are generally informed approximately 2–6 weeks after submitting their application.

In terms of understanding the eligibility criteria, students have access to information in printed documentation and on the CanLearn.ca and provincial websites. In addition, there have been outreach activities in high schools, including conversations about the types of funding available to prospective PSE students.

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[23] Students complete one application for both federal and provincial grants and/or loans through their province/territory's financial aid office.

However, it is difficult to determine if students actually understand the eligibility criteria due to the complex nature of the program. The large number of questions that were received about the eligibility criteria is an indication that students may not initially have understood all of the different components. Although students may not understand all of the details about grant eligibility, it is likely easier for them to understand than loan eligibility, as it is less complex. In general, by the second year of PSE, understanding of grant eligibility increases significantly.

4.3 Transition from CMSF to CSGP

To allow for a smooth transition from the CMSF to the CSGP, the government created a "transition grant" to ensure that students who received a CMSF bursary or excellence award during the 2008-09 academic year would continue to receive the same level of funding they would have received through the CMSF until PSE completion. Although some students may not have qualified for the CSGP under the new eligibility requirements, they were not penalized during the transition. In any case, it is likely that most students were not aware that they were transferred from one regime to another because of the transition grant and/ or because of the way that they originally received the CMSF.

Most of the problems encountered during the transition period were at an operational level, rather than directly related to students. Some issues were due to a federal request that the provinces create and send a list of all CMSF recipients in their jurisdictions to ESDC for review and cross-check with their own information, which required a fair amount of resources. The transition also caused a slight delay in getting the appropriate funding to some students, which was a result of systems issues in one province and administrative challenges in another. There were also some complications about policy interpretation – it was noted that low-income students with high need are now receiving less funding under the CSGP compared to the CMSF, while the level of student debt may still be rising in certain provinces,[24] despite the transition to the CSGP. In addition, there was initial confusion about the transition process and how much students were eligible to receive between the CMSF, transition grant and CSGP. As a result, some students in New Brunswick, Saskatchewan, Alberta and Ontario received more money than they were entitled to.[25]

4.4 Increasing Awareness of New Measures

The fact that more and more students are applying for financial assistance, part-time assistance and the RAP may indicate greater awareness of the measures available to them (or it may indicate that students are having increasing financial difficulty coping with the increasing enrolment cost of PSE).[26]

Steps that are currently being taken to increase awareness levels include, but are not limited to:

- Updating informational websites on a regular basis;
- Developing new or updating existing brochures;
- Engaging in or increasing the level of outreach within secondary and PSE institutions, including speaking with individual students and/or families;
- Ongoing communications with stakeholder groups through the National Advisory Group on Student Financial Assistance and individually (such as the Canadian Federation of Students and attending their Annual General Meeting);
- Communicating with Student Financial Aid Officers/Administrators in PSE institutions and/or attending their association's Annual General Meeting;
- Engaging a consultant to develop an outreach strategy and provide expert advice on how to reach the target audience;
- Ongoing efforts to simplify program information;
- Running e-mail campaigns to students;

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[24] Student debt has declined overall since the implementation of the CSGP.

[25] Students will not be penalized for the error – the provinces are incurring these costs and will reimburse the federal government.

[26] A survey to be completed for the *Summative Evaluation of the Budget 2008 CSLP Enhancements* should be able to provide a more definitive answer.

- Continuing to work with federal/provincial/territorial partners through dialogue at the meeting of the Intergovernmental Consultative Committee on Student Financial Assistance and ongoing collaborative activities with First Nations and Aboriginal groups;

- Taking advantage of opportunities to inform students of different measures when they are available (e.g. client relations officer taking opportunity to advise students of RAP while a student is still in school);

- Utilizing resources such as a service provider to inform students of different measures;

- Television advertisements such as those regarding Canada's Economic Action Plan, which mention improved funding opportunities for students;

- Radio advertisements/announcements and posters; and

- Direct communication with students to inform them of their options upon graduation (e.g. career fair).

5. Conclusions and Recommendations

This evaluation report on the implementation status of the enhancements announced in Budget 2008 has been developed using evidence from two key informant interview reports gathered during the first three years of the summative evaluation of the Budget 2008 CSLP enhancements. Using these two lines of evidence, this report has examined the different measures and their features and has identified their implementation status, causes for any delays in their implementation, and corrective actions taken. Based on this evidence, Evaluation is making the recommendations listed below.

5.1 Recommendations

- Efforts should continue in making the RAP application, application process and canlearn. ca website more user-friendly, as numerous issues were raised by the key informants.

- Federal and provincial student loan representatives recommended further reducing the percentage of a spouse's/partner's disposable income available for a student's education, as a majority felt that the reduction from 80% to 70% was insufficient.

  - However, this would have budgetary implications for the CSLP.

- Involve provincial/territorial officials earlier on in the design and implementation stages of future programs, so that key technical details can be implemented in a more timely fashion in order to avoid delays.

Appendix 1 – Evaluation Questions

Performance – Achievement of Expected Outcomes*	Section of this report	Source Documents
1. To what extent has the RAP made it easier for students to manage their loan debt?	3.1	Key Informants (2012)
2. To what extent have the CSLP enhancements streamlined and modernized the CSLP?	3.2	Key Informants (2010, 2012)
2a. To what extent have online services been improved?	3.2	Key Informants (2010, 2012)
2b. To what extent have the application and repayment processes been simplified?	3.2	Key Informants (2010, 2012)
2c. To what extent have communications with students improved?	3.2	Key Informants (2010, 2012)
3. To what extent have the CSLP enhancements allowed for the flexibility to correct for administrative errors, accept documents beyond prescribed deadlines and allowed repayment to be deferred for eligible students?	3.2	Key Informants (2010, 2012)
4. To what extent has there been an improvement in loan access for married students or students in common-law relationships?	3.3	Key Informants (2012)
5. To what extent has there been an improvement in loan access for part-time students?	3.3	Key Informants (2012)
6. To what extent has the CanLearn.ca website increased the awareness of the RAP?	3.4	Key Informants (2012)
Program Delivery		
7. To what extent have there been implementation issues in delivery any of the measures?	4.1	Key Informants (2010, 2012)
8. What has caused any implementation issues?	4.1	Key Informants (2010, 2012)
8a. To what extent have corrective actions been taken and how successful have they been?	4.1	Key Informants (2010, 2012)
9. How quickly are students informed about their grant eligibility?	4.2	Key Informants (2010, 2012)
9a. Is the eligibility criteria clearly understood by students?	4.2	Key Informants (2010, 2012)

10. To what extent has the transition from the CMSF to the CSGP been a smooth one in terms of students who were transferred from one regime to another?	4.3	KEY INFORMANTS (2010, 2012)
10a. What problems, if any, have been encountered?	4.3	Key Informants (2010, 2012)
11. To what extent are eligible students aware of the different measures?	4.4	Key Informants (2012)
11a. What steps are being taken to ensure that prospective, eligible students are aware of the different measures?	4.4	Key Informants (2012)
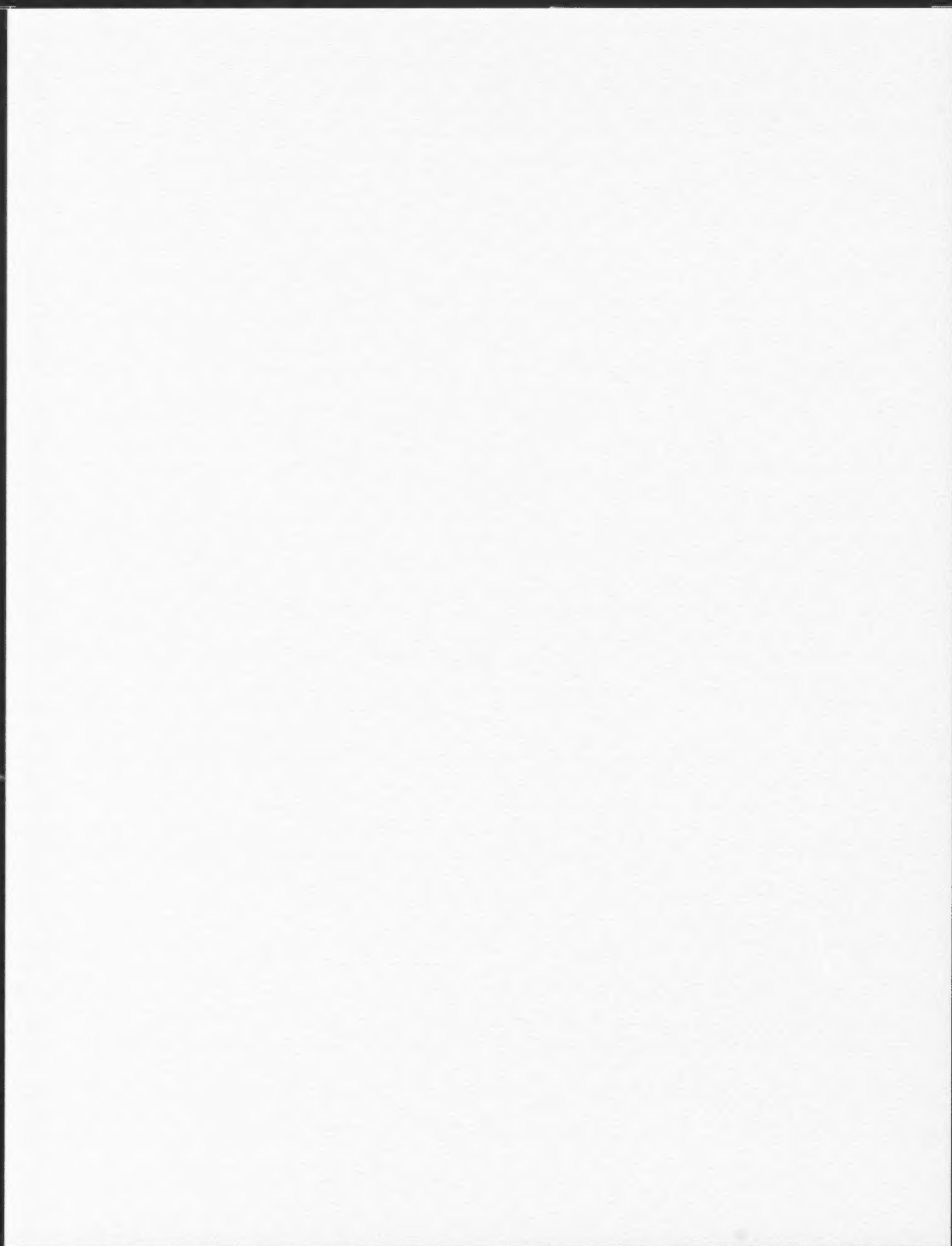
Appendix 2 – References

Cathexis Consulting, 2013, *"Mid-Stage Key Informant Interviews for the Summative Evaluation of the Budget 2008 Canada Student Loans Program Enhancements"*

Centre for Public Management Inc., 2011, *"Key Informant Interviews for the Evaluation of the Canada Student Grants Program and for the Evaluation of Increased CSLP Activities Related to Budget 2008"*

HRSDC, 2012a *"Evaluation Framework for the Summative Evaluation of the Budget 2008 CSLP Enhancements and Other CSLP Evaluative Work"*

HRSDC, 2012b, *"Evaluation Methodology for the Summative Evaluation of the Budget 2008 CSLP Enhancements"*

HRSDC, 2012c, *"Literature/File Review for the Summative Evaluation of the Budget 2008 CSLP Enhancements"*

HRSDC, 2011, *"Summative Evaluation of the Canada Student Loans Program"*